Candidate	Centre	Candidate	
Name	Number	Number	
		2	



General Certificate of Education Advanced Subsidiary/Advanced

321/01

BUSINESS STUDIES BS1

A.M. WEDNESDAY, 9 January 2008 (1 hour)

For Examiner's Use Only		
Question	Maximum Mark	Examiner's Mark
1	18	
2	12	
3	20	
QWC	3	
Total	53	

ADDITIONAL MATERIALS

In addition to this examination paper, you will need:

• a calculator.

INSTRUCTIONS TO CANDIDATES

Answer all the questions in the spaces provided.

Write your name, centre number and candidate number in the spaces at the top of this page.

INFORMATION FOR CANDIDATES

Mark allocations are shown in brackets.

Candidates will be assessed on their quality of written communication i.e. the structure and presentation of ideas; the clarity of expression; grammar, punctuation and spelling. Up to three marks will be awarded for written communication.

No certificate will be awarded to a candidate detected in any unfair practice during the examination.

Answer all the questions in the spaces provided.

1. Trouble at Direct Law

James Smart, a tax law specialist, is one of five partners who formed a law firm, Direct Law, five years ago. Prior to working in the **private sector** with Direct Law, James had worked in the **public sector** in Her Majesty's Revenue and Customs (formerly the Inland Revenue).

Relationships with two of the other partners had not been good for some time and he was worried that some of their recent decisions were putting both the firm's and his own financial security at risk. He had just emerged from yet another stormy weekly partners' meeting at which his views on the way forward for the business were rejected. He felt that it might now be a good time to leave and set up business on his own. He knew that leaving the partnership might create problems, but he was glad they had all signed a **Deed of Partnership** when the firm was set up. James asked his secretary to bring him a copy to read before making his final decision.

(a)	Outl	ine the differences between the private and the public sectors of the UK economy.	[4]
(b)	(i)	What is a Deed of Partnership?	[2]
	(ii)	Why is it important that the partners at Direct Law had drawn up a Dee Partnership when they set up their business?	d of [4]

(c)	Using the passage to help you, examine the advantages and disadvantages to James Smart of remaining a partner in Direct Law, rather than setting up in business on his own. [8]		
•••••			

Total mark

2.



Extract 2

BA strike chaos starting to ease.

Up to 1000 passengers are thought to have been disrupted by the BA strike in sympathy with sacked catering workers who had staged an unofficial walkout over proposed restructuring plans. The Transport and General Workers Union (TGWU) has entered into talks with BA management in an attempt to resolve the dispute.

BBC NEWS 24, August 2005

Extract 1

British Airways in Price-Fixing Probe.

The UK Government's Office of Fair Trading is investigating alleged **collusion** and **price-fixing** in passenger fares and fuel surcharges by British Airways and other major airlines. Virgin Atlantic, United Airlines and American Airlines said they were co-operating with the probe.

CBS NEWS, June 2006.



(a)	Collusion and price-fixing are often regarded as features of oligopoly.			
		Define the term 'oligopoly'.	[2]	
	(ii)	Identify two features of oligopoly, other than collusion and price-fixing.	[2]	
	(ii)			

(b)	Explain how the objectives of some of BA's stakeholders may differ from the company's business objectives. [8]
••••••	

Total mark

3.	An exchange rate of £1 = \$2 is now a reality as the pound continues to strengthen against the US
	dollar. In spite of the fact that a very large proportion of the UK's trade is with the 27 members of
	the European Union, including those countries which are members of the Eurozone, the American
	market is still of considerable importance to many UK businesses.

Exchange rates at 13/07/07 – Source BBC News

Some directors of UK firms continue to call for the Government to adopt the euro as the UK's currency, whilst others are very much opposed to it. The debate as to whether the UK should join the Eurozone is as fierce as ever.

(a)	Calculate the value of a euro in £s sterling. (Show your workings.)	[2]
(b)	Analyse the impact on UK businesses if the pound continues to strengthen against dollar.	the US [8]

Examiner only